

COMMITTEE ON FINANCE
(Standing Committee of Berkeley County Council)

Chairman: Mr. Jack H. Schurlknight, Council Member District No. 6

A **meeting** of the **Committee on Finance**, Standing Committee of Berkeley County Council, was held on **Tuesday May 11, 2010**, in the Assembly Room of the Berkeley County Administration Building, 1003 Highway 52, Moncks Corner, South Carolina, at 7:35 p.m.

PRESENT: Chairman Jack H. Schurlknight, Council District No. 6; Committee Member Phillip Farley, Council District No. 1; Committee Member Timothy J. Callanan, Council District No. 2; Committee Member Robert O. Call, Jr., Council District No. 3; Committee Member Cathy S. Davis, Council District No. 4; Committee Member Dennis L. Fish, Council District No. 5; Committee Member Caldwell Pinckney, Jr., Council District No. 7; County Supervisor Daniel W. Davis, ex officio; Mr. Joshau A. Gruber, Assistant County Attorney; and Ms. Barbara B. Austin, Clerk of County Council. Committee Member Steve C. Davis, Council District No. 8, was excused.

In accordance with the Freedom of Information Act, the electronic and print media were duly notified.

Chairman Schurlknight called the meeting to order.

A. Sheep Island Update.

Kenneth Seegar: Thank you. I'm Ken Seegar, the President of MeadeWestvaco's Community Development and Land Management Group and I want to take an opportunity to give the Council an update on the status of an infrastructure project that Berkeley County and we all have been working on since 2007 as well as share a few ideas about the potential funding of the remainder of the infrastructure project along I-26 between Jedburg Road and the new proposed Sheep Island interchange.

Hopefully you have on your screen a PowerPoint presentation that we've prepared for you. If you look at the you'll have to click through that, the improvements will show up if you click a couple more times, here they come For those of you - I'm not sure how familiar you are with the infrastructure project that I mentioned. In 2007, the State Infrastructure Bank approved this project which involves the Sheep Island interchange, the Jedburg interchange, and the frontage roads that connect them, as well as Exit 199, as the number one infrastructure project in the State of South Carolina. It also had been – was designated as a top priority for Berkeley County. The reason for this is that this infrastructure project enables a significant amount of economic development in Berkeley County.

As we go to the next slide - keep going, one more - which you will see is - that not only does this infrastructure project itself improve the traffic infrastructure to the industrial cluster area between Jedburg and the new Sheep Island Road, but it also induces about \$46 million in additional private investment that would be made by MeadeWestvaco as owners of Parks of Berkeley, as well as the owners of Cane Bay in extending the Sheep Island Parkway from I-26 past the new Cane Bay High School and eventually up to 17-A.

All told, this project is projected to produce in excess of 18,000 direct and indirect jobs in Berkeley County.

What you see coming up on your screen right now is properties in various ownerships between Sheep Island Boulevard, Sheep Island interchange and Jedburg interchange that are currently under development by MeadeWestvaco and the Rockefeller Group, where the new TBC building is currently under construction, property that's owned by Trammell Crow, Hillwood Development, Johnson Development, and others.

The Jedburg interchange was 2/3 privately funded through an Assessment District that we worked with the County to implement last year, and is 1/3 being funded by the County. That interchange provides adequate infrastructure to allow us to go ahead and build the TBC building and to compete for some of the other jobs coming to our region. However the access to this area is greatly improved through the construction of the Sheep Island interchange, which will for instance cut 5 miles off every truck trip between the Port and the Jedburg cluster. It will also provide access to areas that will develop as office buildings and additional manufacturing facilities, hotels, etc.

If you'll go to the next one this was the chart that was prepared by the County and presented to the State Infrastructure Bank at the time they approved the project and as you can see, as I mentioned earlier, this project is seen to create, over time, in excess of over 18,000 direct and indirect jobs for Berkeley County. It will provide access also through the Parks of Berkeley, as I mentioned, to Highway 176 and in doing so will induce a significant amount of commercial development. We are constantly being approached by people in the medical business, companies, destination retailers - who say to us, 'If the interchange was only there, we think it's a great location in Berkeley County to locate one of our facilities.' And as you can see, the area which comprises the very lower portion of Parks of Berkeley and our Sheep Island tract, which has in excess of one mile of frontage along I-26, is currently planned for a mix of commercial uses. You can see - if you can see it on the screen - we've planned office, retail, destination retail, a future mall site, corporate headquarters buildings, hotel sites, and medical office sites.

We've been working with the County since 2007 to find funding for this whole project and unfortunately the State Infrastructure Bank has been very limited in terms of any funding that they had available and as I mentioned a group of developers banded together and through their own resources, and working with the County, came up with a financing solution for the Jedburg interchange. Since then we have been working with the State, both the State Infrastructure Bank, the State Department of Transportation, the Port

of Charleston, with the County, and with other developers to find the rest of the funding for this infrastructure project and we currently have hit upon what we think is a win-win solution both for the County, for Berkeley County School District, as well as those companies attempting to bring new jobs to Berkeley County and that would be to create a TIF district on the area you see here on your map which is purple. That is area that MeadWestvaco owns - it's about 432 acres, is planned for commercial - and by taking a 25% TIF in that area we think we can close the funding gap because not only will the interchange induce growth in the purple area, but it will also induce growth in the commercially zoned green areas and induce additional tax revenues.

If you go to the next slide you'll see what I mean in terms of how we and the County and others have worked to cobble together the financing for the interchange. The total project, including both interchanges and the frontage roads, is \$160 million. Of that, \$30 million is the Jedburg interchange; that financing has been put together. Sheep Island Parkway, the \$48 million, will be privately financed and paid for by MeadWestvaco and the owners of Cane Bay, as a requirement under our Development Agreement, as soon as the interchange is completed. Finally, the Sheep Island interchange and frontage roads themselves are about \$82 million. Of the \$160 million, we have pulled together about \$146 million in funding through various sources: the State, the Port is contributing, DOT will be widening I-26 through their own funding sources, and State Infrastructure Bank funding. The County money comes through a variety of sources, and also includes recycling. About \$20 million of impact fees that developers like MeadeWestvaco and others will be paying to the County, will be coming back through to pay for the interchange, and the developers through a combination of direct contributions, right-of-way dedications, etc., - leaving us with a gap of just over \$13 million.

We propose that the gap be funded using a 25% TIF on the purple area on the map I showed you before, and that 25% TIF would generate the \$13.5 million dollars to close the gap. That being said, the private sector - excluding the impact fees that will be coming through the County - would be funding 53% of this entire project; the State 16%; the County - including developer impact fees - 24%; and Berkeley County School District 7%.

We have spoken with the School District, we made a presentation to the School District, and we have agreed to get together with them and work through the fiscal impacts of such a TIF on the district. As you know they, like every school district, have operational funding challenges - and the County - today, but we really believe that a TIF in this situation can really be found money and what I mean by that is, a lot of the commercial development in this area will not happen without the interchange so the interchange induces the development sooner than otherwise would happen. That means that the incremental tax revenues come in sooner than they would otherwise happen.

Today, the property taxes on the purple area on that map are \$132,000; that would remain. The question is, 'How quickly do those tax revenues/tax receipts ramp up?' and what this analysis shows is that we can expect a substantial delay if we don't find the financing for the interchange today. There are numerous pressures to move funds

elsewhere. The EA is ready to be processed for the Federal government but the Federal government is waiting to see if funding is in place before they put it, move it up in the line, ahead of or along with stimulus projects, and so it's a real opportunity to - by this graph - induce for purposes of the School District twice as much incremental tax revenue over the next 13 years as otherwise would be received. So it's actually not only an increase in gross tax revenues, but it's also an increase in tax revenues on a net present value basis. And, it will make Berkeley County more competitive as we try to bid for some of the new Boeing facilities.

I think you saw the article in paper about the new interiors facility that they're looking to build in the Charleston area. Clearly, Berkeley County is in the running for that facility. The better access that we can offer to Boeing, the more competitive we will be. We certainly know that North Charleston is trying to work on their infrastructure for the same reason. So, I offer this up more as a point of information and would be happy to take your questions. It's something we would like to continue to explore with staff and continue to work with the School District to see if it can indeed be a win-win situation for them, as well.

Committee Member Pinckney: I would like to make a motion at this point that we pursue this TIF district concept and especially when you look at how beneficial it's going to be not only to the County, but to the region and the State as a whole, so I'd like to make a motion that we pursue this concept and see if we can't make it a reality.

Committee Member Fish: I think the same thing. My own personal feeling is we're in a cat/bird scene in terms of growth. I think for infrastructure, the growth is going on. I think this whole park and this thing right there really puts this in a top position. I agree with that. I think we're, what, about 5 years ahead of North Charleston on the Highway 78 infrastructure that they're trying to put in?

Mr. Seegar: We'll be several years ahead in terms of their planning process, yes.

Committee Member Fish: I agree with Mr. Pinckney. I think this is an opportunity we can't afford to miss.

Supervisor Davis: As some of you know we made a presentation to the School District tonight. There were a number of questions. In order to make this work, it is going to have to be a win-win situation and they were interested. The School Board expressed that they would like to pursue it with us and so we'll be doing that but, you know, it probably is the only other means available to us to close that \$10 million funding gap - or the \$12 million, whatever it is - because it does not appear that the Infrastructure Bank's going to get any more money with the State budget the way it is, so hopefully this can come to fruition and we can move on.

Chairman Schurlknight: We appreciate you coming tonight and presenting that to us.

Mr. Seegar: Thank you very much. I appreciate your time.

Chairman Schurlknight: And also Neal, I see you sittin' in the back and again, we appreciate everything that you do in looking out for the County and coming up with these win-win situations for us. Great partnership.

It was moved by Committee Member Pinckney and seconded by Committee Member Fish to pursue the TIF district concept. The motion passed by unanimous voice vote of the Committee.

It was moved by Committee Member Pinckney and seconded by Committee Member Cathy Davis to **adjourn** the meeting of the Committee on Finance. The motion passed by unanimous voice vote of the Committee.

Meeting adjourned at 7:52 p.m.

June 28, 2010

Date Approved